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ACTION EAP-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	EVG-00	ACQ-00	CIAE-00
	CTME-00	ITCE-00	DOT-00	SRPP-00	DS-00	EB-00	EXME-00
	E-00	FAAE-00	FBIE-00	UTED-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	L-00	VCE-00	AC-01
	NSAE-00	OES-01	OMB-01	OPIC-01	PM-00	ACE-00	P-00
	SP-00	IRM-00	STR-00	TEST-00	USIE-00	FMP-00	PMB-00
	DSCC-00	DRL-02	G-00	NFAT-00	SAS-00	/009W	
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FM AMEMBASSY HANOI
TO SECSTATE WASHDC 5044
INFO DEPTTREAS WASHDC
NSC WASHDC
USDOC WASHDC
USDA WASHDC
DEPTLABOR WASHDC
SECDEF WASHDC
AMCONSUL HO CHI MINH CITY
AMEMBASSY TOKYO
ASEAN COLLECTIVE

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SIPDIS

STATE FOR EAP/BCLTV, EB/IFD/OMA AND EB/IFD/ODF
STATE PASS USAID FOR ANE: DMCLUSKEY
STATE PASS USTR FOR ELENA BRYAN
TREASURY FOR OASIA

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USDOC FOR 4431/MAC/IFP/OKSA/HPPHO
USDA FOR FAS/FAA/STEVE HUETE
SECDEF FOR ABLAGG

E.O. 12958: N/A

TAGS: [EAID](#) [EFIN](#) [ETRD](#) [ECON](#) [PREL](#) [VM](#) [FINREF](#) [SOE](#) [HUMANR](#) [HIV](#) [AIDS](#)

SUBJECT: VIETNAM CONSULTATIVE GROUP MEETING: A MEETING OF THE MINDS, AND CONTINUED HIGH LEVELS OF SUPPORT DESPITE A SLOWING WORLD ECONOMY

REF: HANOI 3269

1. SUMMARY: THE VIETNAM CONSULTATIVE GROUP OF DONORS (CG) MEETING WAS HELD IN HANOI, DECEMBER 7-8, 2001. CO-CHAIRLED BY THE WORLD BANK AND THE GOVERNMENT OF VIETNAM, THIS CG WAS CONSIDERABLY MORE UPBEAT THAN PREVIOUS MEETINGS. THERE WAS MUCH UNANIMITY AMONG THE DONOR AND INTERNATIONAL NGO ATTENDEES CONCERNING VIETNAM'S ACHIEVEMENTS OVER THE PAST 5 YEARS AND THE CHALLENGES THAT LIE AHEAD. MAJOR THEMES THAT ECHOED THROUGHOUT THE MEETING INCLUDED THE NEED TO STEP UP THE PACE OF REFORMS OF STATE-OWNED ENTERPRISES (SOE) AND STATE-OWNED COMMERCIAL BANKS (SOCB), AND STAY THE COURSE IN MACRO-ECONOMIC REFORMS AND DOMESTIC PRIVATE SECTOR DEVELOPMENT. CERTAIN DONORS ALSO RAISED CONCERNS REGARDING HUMAN RIGHTS, HIV/AIDS, EQUITY, GOOD GOVERNANCE, ADMINISTRATIVE AND LEGAL REFORM, CORRUPTION, AND THE NEED FOR TRANSPARENCY.

2. THE U.S. DELEGATION LED BY USAID/AA/ANE, LORI FORMAN, MADE STRONG, YET WELL-RECEIVED INTERVENTIONS CONCERNING
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VIETNAM'S NEED TO HARNESS THE ENERGIES OF ALL ITS PEOPLE REGARDLESS OF GENDER, RELIGION, OR ETHNICITY, THE IMPORTANCE OF DE-STIGMATIZING VICTIMS OF HIV/AIDS IN ORDER TO STEM ITS SPREAD, AND THE CRITICAL NEED TO ASSURE THAT STATE INVESTMENT CREDITS ARE PROVIDED IN A WAY THAT DOES NOT DISADVANTAGE THE PRIVATE SECTOR VIS-A-VIS THE STATE-OWNED ENTERPRISE SECTOR. IN THE FINAL SESSION, THE USG PLEDGED \$32.8 MILLION IN ASSISTANCE TO VIETNAM CONTINGENT ON FUNDS AVAILABILITY.

3. IMPRESSIVELY, THE DONOR COMMUNITY AS A WHOLE PLEDGED \$2.4 BILLION IN ASSISTANCE TO VIETNAM FOR THE COMING YEAR - THE SAME AMOUNT AS LAST YEAR, DESPITE THE GLOBAL ECONOMIC SLOW-DOWN. THIS WAS SEEN AS A VOTE OF CONFIDENCE IN VIETNAM'S REFORM EFFORTS. END SUMMARY.

4. VIETNAM WAS REPRESENTED BY DEPUTY PRIME MINISTER CAM, MINISTER OF PLANNING AND INVESTMENT GIA, AND OFFICIALS FROM SEVERAL OTHER MINISTRIES. THE MEETING OPENED WITH A STATEMENT FROM THE WORLD BANK COUNTRY DIRECTOR, ANDREW STEER, WHO DESCRIBED THE EVOLUTION THAT HAS TAKEN PLACE SINCE THE FIRST VIETNAM CG IN 1997. HE NOTED THAT FOUR YEARS AGO WHEN VIETNAM'S GOVERNMENT (GVN) AND DONORS MET IN TOKYO, VIETNAM'S ECONOMY WAS CHARACTERIZED BY SERIOUS STRUCTURAL PROBLEMS. THERE WERE NO PLANS FOR DEREGULATION OF THE DOMESTIC PRIVATE SECTOR, NO IMF AND WORLD BANK AGREEMENTS, NO SOE OR BANKING REFORM. THREE YEARS AGO AT THE CG IN PARIS, STRUCTURAL REFORM BEGAN TO BE CONSIDERED. TWO YEARS AGO IN HANOI, THE CG FOCUSED ON POVERTY ALLEVIATION; AND LAST YEAR IN HANOI, THE CG CONSIDERED A STRATEGIC REFORM AGENDA AND VIETNAM'S OWN
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DRAFT 10-YEAR SOCIO-ECONOMIC PLAN WHICH WAS LATER APPROVED AT THE NINTH PARTY CONGRESS LAST MAY.

5. STEER THEN HIGHLIGHTED THE REMARKABLE PROGRESS THAT THE CG HAS TO CONSIDER THIS YEAR: THERE ARE NOW IMF AND WORLD BANK AGREEMENTS IN PLACE; A DRAFT COMPREHENSIVE POVERTY REDUCTION AND GROWTH STRATEGY HAS BEEN DEVELOPED; SOE AND BANKING REFORM PROGRAM HAVE BEEN AGREED TO AND ARE BEGINNING TO BE IMPLEMENTED; AND THE DOMESTIC PRIVATE SECTOR HAS GROWN, WITH 70% MORE WORKERS THAN 2 YEARS AGO (ALBEIT FROM A VERY SMALL BASE). IN ADDITION, THE BILATERAL TRADE AGREEMENT (BTA) WITH THE UNITED STATES,

WHICH WILL REQUIRE VIETNAM TO MAKE SIGNIFICANT CHANGES IN LEGAL, TRADE AND COMMERCIAL REGULATIONS, HAS BEEN RATIFIED BY BOTH COUNTRIES..

16. STEER WENT ON TO SAY THAT THE REALLY HARD WORK IS NOW JUST BEGINNING: THE WORLD ECONOMY IS LESS FRIENDLY NOW THAN IN THE PAST TWO DECADES, AND THE DIFFICULT PROCESS OF SOE AND SOCB REFORMS HAS YET TO BE INITIATED IN EARNEST. IT WAS INCUMBENT ON VIETNAM TO TAKE ADVANTAGE OF THIS "BREATHING SPACE" CREATED BY ITS CONTINUED ECONOMIC GROWTH IN A PERIOD OF GLOBAL ECONOMIC DOWNTURN TO PRESS AHEAD WITH REFORMS AND POSITION ITSELF FOR THE EVENTUAL GLOBAL RECOVERY

17. THE IMF REPRESENTATIVE TOLD THE CG PARTICIPANTS THAT WHILE THE WORLD ECONOMIC DOWNTURN HAS AFFECTED VIETNAM BY DEPRESSING COMMODITY PRICES, ECONOMIC GROWTH SHOULD REMAIN RELATIVELY ROBUST (AN ESTIMATED 4.7% IN 2001, WITH CONTINUING LOW INFLATION AND A STRENGTHENING OF THE EXTERNAL POSITION) WITH THE IMPLEMENTATION OF POLICY REFORMS AND A REVIVAL IN INVESTMENT. CRITICAL STEPS INCLUDE ACCELERATING IMPLEMENTATION OF THE BTA REFORMS AND STAYING THE COURSE ON MACRO-ECONOMIC REFORMS.

18. THE IMF REP NOTED THAT VIETNAM HAD IMPORT RESERVES OF 10 WEEKS, AND THAT ALTHOUGH THE COUNTRY'S DEFICIT COULD BE WIDENED SLIGHTLY TO ACCOMMODATE NEEDS, VIETNAM MUST STABILIZE REVENUE PERFORMANCE AND ACCELERATE CRITICAL SOE AND SOCB REFORMS.

19. WORLD BANK CHIEF ECONOMIST FOR VIETNAM KAZI MATIN REPORTED THAT TRADE POLICY AND NON-STATE BANKING REFORMS ARE ON TRACK, BUT WITH REGARDS TO SOE REFORM, ONLY 130 UNCLASSIFIED

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SOES HAVE BEEN EQUITIZED, SOLD, OR LIQUIDATED OUT OF THE PLANNED 400 FOR FY 2001. TO MEET CURRENT TARGETS, THIS MEANS THAT 270 REMAIN TO BE DONE IN A 6-MONTH PERIOD.

110. BILATERAL DONORS CONGRATULATED THE GVN ON ITS ACHIEVEMENTS THUS FAR IN AREAS SUCH AS ECONOMIC GROWTH, PRIVATE SECTOR DEVELOPMENT, POVERTY REDUCTION, HUMAN RESOURCE DEVELOPMENT, AND ADOPTION OF ECONOMIC AND PUBLIC ADMINISTRATION REFORM PROGRAMS AND ENCOURAGED THE GVN TO CONTINUE TO PRESS AHEAD AND AVOID THE TEMPTATION TO SLOW THE PACE OF PROGRESS

111. THE DONOR INTERVENTIONS REPEATED MANY SIMILAR CONCERNS REGARDING THE SLOW PACE OF REFORM IN THE SOE AND BANKING SECTORS. THEY ALSO DISCUSSED THE CRITICAL ROLE THE DOMESTIC PRIVATE SECTOR WILL PLAY IN VIETNAM'S TRANSITION INTO THE GLOBAL ECONOMY. DONORS RECOGNIZED THE IMPORTANCE OF THE GVN'S CONTINUED IMPLEMENTATION OF 1999'S ENTERPRISE LAW WHICH PERMITS MOST DOMESTIC PRIVATE ENTERPRISES TO BE ESTABLISHED VIA A STREAM-LINED REGISTRATION PROCESS, REPLACING A LENGTHY, NON-TRANSPARENT LICENSE APPROVAL REGIME. BUT DONORS URGED THE GOVERNMENT TO CONTINUE TO IMPROVE THE ENVIRONMENT FOR THE DEVELOPMENT OF THE DOMESTIC PRIVATE SECTOR. THE ASIA DEVELOPMENT BANK REPRESENTATIVE STRESSED THE NEED FOR THE GVN TO PLAY A SUPPORTING OR CATALYTIC ROLE IN THE ECONOMY, NOT A COMMANDING ROLE. HE NOTED THE NEED FOR A PARADIGM SHIFT IN THE GVN'S APPROACH; A GOVERNMENT STEEPED IN A CULTURE OF INTERVENTION NOW NEEDS TO LEARN TO MOVE OUT OF THE WAY.

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112. DESPITE THE IMPORTANT STEPS VIETNAM HAS TAKEN TO DEVELOP THE PRIVATE SECTOR AND, AT LEAST ON PAPER, PUT IT ON MORE EQUAL FOOTING WITH STATE-OWNED ENTERPRISES (SOE'S), PRIVATE ENTERPRISES, DOMESTIC AND FOREIGN, CONTINUE TO FACE DIFFICULT PROBLEMS. THESE PROBLEMS WERE DISCUSSED IN DETAIL AT THE IFC HOSTED BUSINESS FORUM HELD SEVERAL DAYS EARLIER AND REPORTED TO DONORS AT THE CG. MACRO-LEVEL PROBLEMS INCLUDED: DIFFICULTY IN ACCESSING CREDIT; CONTINUED BIAS AGAINST PRIVATE ENTERPRISE BY OFFICIALS AND THE GENERAL PUBLIC; THE NEED FOR TIMELY AND CONSISTENT IMPLEMENTATION OF EXISTING REFORMS; IMPROVED TRANSPARENCY IN GOVERNMENT REGULATION OF BUSINESS; AND COMPLETION OF LEGISLATIVE AND REGULATORY CHANGES NEEDED TO PROVIDE EQUAL TREATMENT TO DOMESTIC PRIVATE ENTERPRISE, SOE'S AND FOREIGN-INVESTED ENTERPRISE. PRIVATE SECTOR REPRESENTATIVES AGREED HOWEVER, THAT THE BUSINESS CLIMATE IN VIETNAM HAD IMPROVED AND INDEED WAS NOW BETTER THAN MOST OUTSIDE OF VIETNAM WERE AWARE. THEREFORE, IN ADDITION TO CONTINUING TO IMPROVE THE CLIMATE FOR PRIVATE BUSINESS, BUSINESS REPRESENTATIVES AND DONORS URGED VIETNAM TO BETTER ADVERTISE THE CHANGES THAT HAVE BEEN MADE.

113. BILATERAL DONORS EMPHASIZED OTHER THEMES AND CONCERNS AS WELL: THE NEED TO PURSUE GROWTH WITH EQUITY TO ENSURE THAT ALL VIETNAMESE REAP THE BENEFITS OF VIETNAM'S ECONOMIC PROGRESS, THE PRESSING NEED FOR TRANSPARENCY IN BUDGET MANAGEMENT AND A LEGAL FRAMEWORK, RECURRENT COST IMPLICATIONS OF ITS PUBLIC INVESTMENT PLAN (PIP), DISPARITIES IN GVN AND MULTILATERAL DONOR STATISTICS, INDUSTRIAL GROWTH AT THE EXPENSE OF AGRICULTURE AND ENVIRONMENT, AND THE SPREAD OF HIV/AIDS IN VIETNAM. THE U.S., SWEDISH, DANISH, FINNISH, AUSTRALIAN, NEW ZEALAND, AND BELGIUM DELEGATIONS ALL MADE STATEMENTS REGARDING LINKAGES BETWEEN GOOD GOVERNANCE, HUMAN RIGHTS, CORRUPTION, TRANSPARENCY AND THE SUCCESS OF THE GVN'S ECONOMIC REFORM AND POVERTY ALLEVIATION POLICIES. (SEE REFTTEL FOR A REPORT ON THE DISCUSSION OF HUMAN RIGHTS.) NOTING THAT TRANSPARENCY INTERNATIONAL HAD RATED VIETNAM VERY POORLY WITH RESPECT TO CORRUPTION, THE CANADIANS ARGUED THAT CORRUPTION AND LACK OF TRANSPARENCY ARE IMPEDIMENTS TO FOREIGN INVESTMENT AND ECONOMIC GROWTH. THE SWEDISH MADE A WELL-RECEIVED ANNOUNCEMENT THAT THEY WOULD FINANCE A DIAGNOSTIC STUDY ON CORRUPTION, ITS CAUSES AND EFFECTS. THE ADB UNCLASSIFIED

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REPRESENTATIVE NOTED THAT THE GVN DOES NOT APPEAR TO BE DEDICATING RESOURCES TO LEGAL REFORM. HE POINTED TO THE GVNS "WISH LIST" OF ODA INVESTMENT PROJECTS AND NOTED THAT OF 300 PLUS PROJECTS, NONE ADDRESSED LEGAL REFORM OR

CORRUPTION.

¶14. THE FOUR INTERNATIONAL NGO OFFICIALS, REPRESENTING OVER 50 OF THE INGO'S OPERATING IN VIETNAM, STRESSED THE NEED FOR ENSURING GROWTH WITH EQUITY, POVERTY ALLEVIATION, AND CAPACITY BUILDING AT THE GRASSROOTS LEVEL TO ENSURE THAT REFORM POLICIES ARE UNDERSTOOD AND FULLY IMPLEMENTED AT ALL LEVELS. NGOS ALSO URGED THE GOVERNMENT TO PASS A LONG-AWAITED DECREE ON LOCAL NGOS AND ASSOCIATIONS. (NOTE: BECAUSE VIETNAM LACKS A LAW GOVERNING OPERATION OF DOMESTIC NGOS, EXISTING LOCAL NON-GOVERNMENTAL ASSOCIATIONS DO NOT HAVE A CLEAR RIGHT TO EXIST IN VIETNAM'S CIVIL LAW LEGAL SYSTEM. OPERATING IN A LEGAL TWILIGHT ZONE, THOSE THAT DO EXIST REMAIN SMALL, WEAK AND FIND IT DIFFICULT TO RAISE FUNDS. END NOTE.)

¶15. DURING THE DISCUSSION ON THE VIETNAM'S PUBLIC INVESTMENT PLAN (PIP), SEVERAL DONORS NOTED THAT THE GOVERNMENT WAS STILL PLANNING PUBLIC PROJECTS IN AREAS WHERE THE PRIVATE SECTOR COULD AND SHOULD OPERATE AND WHERE GOVERNMENT INTERVENTION WAS NOT NEEDED. THE ADB REP URGED THE GVN TO FREE UP THOSE FUNDS FOR AREAS WHERE PUBLIC INVESTMENT WAS TRULY NECESSARY. DONORS ALSO COMMENTED ON THE REGIONAL AND SECTORAL DISTRIBUTION OF PLANNED PUBLIC INVESTMENT, WITH THE MAJORITY OF PROJECTS IN THE INDUSTRIAL SECTOR AND/OR IN THE SOUTHERN PROVINCES. SWEDEN COMMENTED THAT THE PIP DID NOT APPEAR UNCLASSIFIED

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TO HAVE A CLEAR LINKAGE TO VIETNAM'S POVERTY REDUCTION STRATEGY, DID NOT TARGET LESS ADVANTAGED REGIONS OR MARGINALIZED PEOPLE AND DID NOT ADDRESS THE ISSUES OF HEALTH AND EDUCATION IN ANY SIGNIFICANT WAY. WORLD BANK REP NOTED THAT VIETNAM HAD ACTUALLY INCREASED THE SHARE OF PUBLIC INVESTMENT TO INDUSTRY FROM 28 PERCENT LAST YEAR TO 34 PERCENT THIS YEAR. HE QUESTIONED THIS SHARE, NOTING THAT IF THE PUBLIC INDUSTRIAL SECTOR IS IN TRANSITION AND THE SOE REFORM PLAN CALLS FOR A MORE BUSINESS ORIENTED APPROACH IN THE PUBLIC SECTOR, WHY IS A GREATER PERCENTAGE OF FUNDS ALLOCATED THIS YEAR.

¶16. THE U.S. DELEGATION, CONSISTING OF HEAD-OF-DELEGATION LORI FORMAN, CHARGE D'AFFAIRES ROBERT PORTER, REGIONAL MISSION DIRECTOR LISA CHILES, VIETNAM OFFICER-IN-CHARGE ANTOINETTE FERRARA, ECON COUNSELOR CLAIRE PIERANGELO, AND USAID/HANOI COUNTRY MANAGER JEAN GILSON, MADE THREE POINTED INTERVENTIONS. THE FIRST ONE CONGRATULATED THE GVN ON ITS RATIFICATION OF THE BTA AND ITS WILLINGNESS TO UNDERTAKE THE TOUGH REFORMS REQUIRED UNDER IT AS WELL AS ITS SOE AND SOCB REFORM PROGRAMS. MS. FORMAN REMINDED THE GOVERNMENT THAT ITS ABILITY TO ACHIEVE LONG-TERM PROSPERITY WILL DEPEND GREATLY ON WHETHER IT HARNESSSES THE ENERGIES OF ALL OF ITS CITIZENS REGARDLESS OF GENDER, RELIGION, OR ETHNICITY, AND MANAGES TO CHANGE THE ATTITUDES OF LOCAL AND OTHER OFFICIALS WHO ARE CHARGED WITH IMPLEMENTATION OF THE REFORMS. THE DANISH DELEGATION ASSOCIATED ITSELF WITH MS. FORMAN'S REMARK REGARDING "ATTITUDE." THE USG'S WRITTEN STATEMENT WAS SUBMITTED FOR THE RECORD.

¶17. THE SECOND INTERVENTION MS. FORMAN MADE CONCERNED THE NEED TO ENSURE THAT THE DISADVANTAGED DO NOT GET LEFT BEHIND IN THE PROCESS OF ECONOMIC LIBERALIZATION AND ACCELERATING GROWTH. SHE HIGHLIGHTED THE PLIGHT OF HIV/AIDS VICTIMS AND THE NEED FOR DE-STIGMATIZATION OF THEIR DISEASE AND INCREASED COORDINATION BETWEEN GOVERNMENT AND DONORS IN ORDER TO HALT THE SPREAD OF HIV/AIDS IN VIETNAM. MS. FORMAN NOTED THAT THE USG IS SUBSTANTIALLY INCREASING ITS FINANCIAL SUPPORT TO THE FIGHT AGAINST HIV/AIDS IN VIETNAM, AND OFFERED TO WORK WITH THE GVN IN A NATIONAL COORDINATION EFFORT.

¶18. IN HER THIRD INTERVENTION, MADE DURING A DISCUSSION ON THE GOVERNMENT'S PUBLIC INVESTMENT PLAN, MS. FORMAN UNCLASSIFIED

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SPOKE BRIEFLY ON THE IMPORTANCE OF ASSURING THAT THE GVN STRICTLY ADHERES TO ITS STATED INTENT TO ELIMINATE DISCRIMINATION BETWEEN THE PUBLIC AND PRIVATE SECTORS IN THE PROVISION OF STATE INVESTMENT CREDITS. SHE ALSO ASKED ABOUT THE GOVERNMENT'S PLANS TO MOBILIZE DEVELOPMENT RESOURCES THROUGH LOCAL, NON-GOVERNMENTAL ORGANIZATIONS, COMMUNITY ASSOCIATIONS, AND THE LIKE. THE UK AND FINLAND DELEGATIONS ASSOCIATED THEMSELVES WITH THESE COMMENTS.

¶19. IN THE FINAL SESSION, DONORS WERE INFORMED OF VIETNAM'S EXTERNAL FINANCING NEEDS. DONORS COLLECTIVELY ANTED UP WITH \$2.4 BILLION IN ASSISTANCE, A SUM EQUALLYING LAST YEAR'S PLEDGE LEVELS. JAPAN SURPRISED THE CG BY ANNOUNCING THAT ALTHOUGH TOTAL JAPANESE ODA WOULD DECREASE BY 10 PERCENT IN NOMINAL TERMS NEXT YEAR, JAPAN WOULD INCREASE ITS PROGRAM FOR VIETNAM BY 8 PERCENT IN NOMINAL TERMS TO 96.5 BILLION YEN. MPI MINISTER GIA NOTED THAT ABOUT 85 PERCENT OF ODA TO VIETNAM WAS IN THE FORM OF CONCESSIONAL LOANS AND 15 PERCENT WAS IN THE FORM OF GRANTS.

¶20. MS. FORMAN INDICATED THE USG'S INTENTION TO PROVIDE \$32.8 MILLION IN ASSISTANCE TO VIETNAM, SUBJECT TO CONGRESSIONAL APPROVAL AND AVAILABILITY OF FUNDS. THE ASSISTANCE WILL COMPRISE TECHNICAL SUPPORT AND HUMANITARIAN ASSISTANCE PROVIDED THROUGH USAID AND THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; TECHNICAL ASSISTANCE AND TRAINING THROUGH THE U.S. DEPARTMENT OF LABOR, AS WELL AS EDUCATIONAL PROGRAMS THROUGH THE DEPARTMENT OF STATE, FOOD ASSISTANCE THROUGH THE U.S. UNCLASSIFIED

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DEPARTMENT OF AGRICULTURE, AND THE PROVISION OF TECHNICAL EXPERTISE BY OTHER U.S. GOVERNMENT AGENCIES. MS. FORMAN BEGAN HER REMARKS BY UNDERSCORING THE SIGNIFICANCE OF THE RECENT RATIFICATION OF THE BTA IN SOLIDIFYING A NEW AND GROWING RELATIONSHIP WITH VIETNAM, AND THE USG'S PLEASURE IN HOSTING THE LARGE PUBLIC AND PRIVATE SECTOR DELEGATION FROM VIETNAM THAT WOULD BE IN WASHINGTON D.C. THE FOLLOWING WEEK.

21. IN SUM, THIS YEAR'S VIETNAM CG WAS A REFLECTION OF THE

INCREASING UNANIMITY AND GOOD WILL AMONG DONORS TOWARDS VIETNAM AS A RESULT OF THE GOVERNMENT'S WILLINGNESS TO UNDERTAKE A NUMBER OF CRITICAL REFORMS. WHILE PROGRESS ON SOME OF THESE IS UNEVEN, DONORS SEEMED INCLINED TO GIVE VIETNAM CREDIT FOR GOOD INTENTIONS AND SOME SIGNIFICANT STEPS FORWARD. THE GOVERNMENT RESPONDED GRACIOUSLY, WITH ACCEPTANCE OF MANY OF THE CRITICISMS AND ANNOUNCEMENTS OF ITS INTENTION TO REDOUBLE ITS EFFORTS AT REFORM.

122. FOR ITS PART, THE USG DELEGATION WAS WARMLY WELCOMED. AA/ANE FORMAN'S PRESENCE CONFIRMED A STRENGTHENING OF RELATIONS BETWEEN THE US MISSION (AND ESPECIALLY USAID) AND THE GOVERNMENT OF VIETNAM. IT SHOULD ALSO BE NOTED THAT A USG SUGGESTION MADE AT LAST YEAR'S CG - TO PROVIDE COPIES OF THE PREVIOUS YEAR'S CHAIRMAN'S CLOSING STATEMENT IN ORDER TO HIGHLIGHT PROGRESS MADE OR LACKING ON KEY ISSUES - WAS ADOPTED FOR THIS CG, AND THE WORLD BANK CO-CHAIRMAN REFERRED TO IT ON SEVERAL OCCASIONS DURING THE SESSIONS.

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